

Signature Seafoods, Inc.

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February 22, 2017

Mr. Dan Hull, Chairman
Mr. Chris Oliver, Executive Director
North Pacific Fishery Management Council

Re: Bairdi Custom Processing Use Cap Exemptions

Gentlemen,

I am submitting these comments on behalf of Ocean Fresh and Signature Seafoods, regarding the Council's previous action (Agenda Item C-4, June 2016) on Bairdi Custom processing Use Cap Exemptions and in particular in support of alternative 3 - "apply exemption only in years when capacity to process is not sufficient (i.e., when there are less than 4 processors." In addition, we are requesting that the Council expand alternative 3 to include an examination of all BSAI crab program fisheries and regions.

Last June I testified to the Council that our company would like to enter the Bering Sea crab processing sector, and that we have an appropriate platform to become a competitive processing entity. However, we find the current regulations a barrier to entry; in particular the custom processing use cap exemptions that allow the existing processors to process 100% of the available crab.

The BSAI crab program was carefully developed to foster competition in the processing sector. As the Council's own analysis documents, the custom processing use cap exemptions have allowed just three processing entities to gain control of 99% of all crab processing, creating an almost insurmountable barrier for new entrants.

Alternative 3 in the Council's June 2016 motion would limit these three entities to 90% of the A share deliveries, and grant a custom processing use cap exemption only "when there are less than four processors". Adopting this alternative will remove one of the most significant obstacles for new or returning entrants like ourselves.

This issue transcends the Bairdi fishery, so we also ask the Council to develop a broader set of options and alternatives that encompass all BSAI crab fisheries and regions. Although we believe that the North Region and the West Region may continue to need special consideration, this is an opportunity for the Council to thoroughly review the current structure and performance of the processing sector, and the impacts that consolidation has had on new entrant opportunities, product development and market access.

Sincerely,



William R. Orr
President